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	NSCE-00	OES-00	OMB-00	NIMA-00	EPAU-00	ACE-00	SP-00
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TAGS: [ETRD](#) [ECON](#) [VM](#)

SUBJECT: VIETNAM: STATE ROLE IN THE ECONOMY

[1](#)1. What follows is Embassy Hanoi's effort to map out the involvement

[1](#)2. Goods, sectors and industries included in SOE fact sheets

Aviation
Banking
Beer
Cement
Chemicals
Coffee
Construction
Electricity
Footwear
Furniture and Wood-Based Products
Insurance
Liquor
Milk and Milk Products
Mining
Oil and Gas
Paper
Pharmaceuticals
Processed Food and Beverage
Railways
Rice
Rubber and Plastic
Securities
Ship Building
Shipping
Steel
Telecom
Textile and Apparel
Tobacco and Cigarettes

[1](#)3. Explanation of Information in SOE Fact Sheets

Amount of State control: Indicates if there is a State monopoly poli

Market Share controlled by State: Reports State share of sector or i

Sector regulated by: Indicates body that oversees overall industry.

Major SOEs: Lists the largest SOEs in each sector. This generally in

Key Associate SOEs: These may be large member enterprises under the

Non-State market shareholders: This attempts to list key domestic pr

Note: In conducting this research there were significant data gaps.

[1](#)4. Aviation

Amount of State control: 100 percent

Market share controlled by State:

Domestic flights:100 percent

International flights 44 percent

Cargoes 30 percent

Sector regulated by: Civil Aviation Administration of Vietnam (CAAV)

Major SOE's:Vietnam Airlines

Key Associate SOE's:

Pacific Airlines (86 percent owned by Vietnam Airlines, the remaining
VASCO (100 percent owned by Vietnam Airlines)

Non-State market shareholders: None

15. Banking

Amount of State control: 76 - 80 percent. Vietnam has gone ahead o

Market share controlled by State:

Lending: 76-78 percent

Deposit: 80 percent

Sector regulated by: State Bank of Vietnam

Major SOE's:

Bank for Foreign Trade of Vietnam (Vietcombank)

m (Vietcombank)

Bank for Investment and Development of Viet Nam (BIDV)

Industrial and Commercial Bank of Vietnam (Incombank)

Vietnam Bank for Agriculture and Rural Development (VBARD)

Note: Vietcombank is the first state-owned commercial bank slated fo

Key Associate SOE's:

BIDV Securities Company

Incombank Securities Company

Vietcombank Securities Company

VBARD Securities Company

Non-State market shareholders:

Market share (lending)

33 joint stock banks 10-11 percent

4 joint venture banks

VID Public Bank (50 percent BIDV)

Indovina Bank (50 percent Incombank)

ChoHung Vina Bank (50 percent Vietcombank)

Vina Siam Bank (37 percent VBARD)

27 foreign bank branches

Joint-venture banks and foreign bank branches have approximately 8-9

16. Beer

Amount of State control: No monopoly policy, but foreign investment

Production share controlled by:

State: 62.3 percent

Domestic private: 11.6 percent

FDI: 26.1 percent

Sector regulated by: Ministry of Industry (MOI)

y (MOI)

Major SOE's: SABECO, HABECO (hold a combined 40 percent market share)

Key Associate SOE's:

Hanoi-Haiduong Beer Joint-Stock Company

Thanh Hoa Beer Joint-Stock Company

Chuong Duong Beverage Company

Non-State market shareholders:

Heineken and Tiger (wholly foreign owned)

San Miguel, Fosters and Carlsberg (joint-ventures)

17. Cement

Amount of State control: No monopoly policy, but heavily protected w

Production share controlled by:

State: 66.8 percent

Domestic private: 3.0 percent

FDI: 30.2 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vinacement. This corporation includes all central state-

Key Associate SOE's: Holcim Co., (a joint-venture between Ha Tien Ce

Non-State market shareholders: Chinfon Haiphong Cement Corporation

18. Chemicals

Amount of State control: No monopoly policy.

Production share controlled by: Since chemicals include a great vari

Percent: State Non-state Foreign-invested

Soldering stick: 100

Q 100

Chemical fertilizer: 99.7 0.3

Sulfuric Acid: 97 3

Bicycle tubes: 80.2 3.6 16.1

Insecticide: 68.6 18.2 13.6

Bicycle tires:	61.4	8.3	30.3
Detergent:	41	8.8	50.2
Soda NaOH:	22.3	77.7	
Paint:	15	18.3	66.7

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: VINACHEM (Vietnam National Chemical Corporation) with 41

Key Associate SOE's:

Yokohama Vietnam
P&G Vietnam, Lever Vietnam
Yogen Mitsui Vina
ICI (Vietnam ICI Paint Joint Venture Company)
JVF (Japan- Vietnam Fertilizer Company)
TPC Vina (TPC Vina Plastics and Chemical Company)

Non-State market shareholders:

Kova Paint Co. Ltd.
Tan Dai Hung Plastics Joint Stock Co.

Note: Concerning fertilizer, there is no protection policy. The Government

9. Coffee

Amount of State control: No monopoly policy. The Government encourages

Market share controlled by State:

Production share: 20 percent (80 percent belong to farmers and plant
percent belong to farmers and plant
Share of exports: 80 percent

Note: Where there are no special conditions on the export of coffee,

Sector regulated by: Ministry of Agriculture and Rural Development (M
Ministry of Industry (MOI)
Ministry of Trade (MOT)

Major SOE's:

VINACAFE (Vietnam National Coffee Corporation)
INTIMEX (INTIMEX Import- Export Corporation)
Northern Foodstuff Company

Key Associate SOE's: Dakman Joint Venture Company

Non-State market shareholders:

Olam Company (100 percent foreign-owned)
Thai Hoa Production and Trading Co. Ltd
Trung Nguyen Coffee Enterprise

10. Construction

Amount of State control: No monopoly policy.

Market share controlled by State:

SOEs's turnover in 2004 accounted for 59.3 percent
SOEs's investment in 2003 accounted for 57.6 percent

Percent:	State	Private	FIE
Construction	56.64	2.70	7.7
Construction Materials	63.52	6.52	6.52
Consultancy Service	69.23	0.30	5.5

Note: Data in Ministry of Construction's (MOC) 2004 Annual Industry
s (MOC) 2004 Annual Industry

Players in the market: Total: 7,845 enterprises (as of 2002)

Major SOEs (100 percent State owned equity):

Vietnam Construction Import - Export Corporation (Vinaconex)
Song Da Corporation

Note: All member companies of Vinaconex will be equitized in 2005. The

Other SOEs:

Infrastructure Construction and Development Corporation (LICOGI)
Vietnam Machinery Installation Corp. (LILAMA)
Housing and Urban Development Corporation (HUD)
Ha Noi Construction Corporation (HACC)
Construction Corporation for the Central Region (COSEVCO)
Construction Corporation No. 1
Song Hong Construction Corporation
Vietnam Cement Corporation (VNCC)
Construction Machinery Corporation (COMA)
Industrial Development Investment Corporation (IDICO)
Vietnam Building Glass and Ceramics Corporation (VIGLACERA)
Building Material Corporation No. 1 (FICO)
Bach Dang Construction Corporation

Foreign Invested Enterprises (FIEs): 294 enterprises (as of November

Sector regulated by: Ministry of Construction

Key Associate SOE's: Vinaconex 3, Vinaconsul, Vinata JV, Vikowa Vina

11. Electricity

Amount of State control: State monopoly in transmission. Distribution

Market share controlled by State:

Electricity generation production: 96.8 percent

(Non-state: 0.02 percent; FIE: 3.2 percent)

Transmission: 100 percent

Distribution: 100 percent

Major SOEs (100 percent State owned equity):

Electricity of Vietnam (EVN) with 53 subsidiaries

Non-SOE:

Quang Ninh Thermal Power Plant

Hai Phong Thermal Power Plant

Hiep Phuoc Electricity Company

Nomura Company

Mekong Energy Company

Vedan Power Company

Bourbon Power Company

Sector regulated by: Ministry of Industry

Major SOE's: EVN

Key Associate SOE's:

Quang Ninh Thermal Power Plant

Hai Phong Thermal Power Plant

12. Footwear

Amount of State control: No monopoly policy

Percent production share controlled by:

State Domestic private FIE

Shoes and leather

footwear: 22.63443.4

Fabric Shoes: 52.143.7 4.1

oes: QQ52.1QQQQ43.7 Q Q 4.1

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: LEAPRODEXIM (Vietnam National Leather and Footwear Corpo

Key Associate SOE's:

Hanoi Shoe Joint-Stock Company

SAGODA Shoe and leather Joint-Stock Company

Viet Shoe Joint Stock Company.

Non-State market shareholders:

BITI'S, BITA'S

Cao Khai International Ltd.

Carimax Saigon Ltd.

Captopvina Vietnam Ltd.

Chang Shin Vietnam Ltd.

Chang Yang Vietnam Ltd.

Bely Enterprise Ltd.

Asia Song Production Ltd.

13. Furniture and Wood-Based Products

Amount of State control: No monopoly policy

Production share controlled by:

State: 15.5 percent

Domestic private: 69 percent

FIE: 15.5 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: VinaFor

Key Associate SOE's:

Hai Phong Forest Products Stock Co.

Vietnam-Japan Wood Chip Co.

Co Do Stock Co.

Non-State market shareholders:

Khai Vy Ltd. Co.

Hoang Anh Gia Lai

Savimex

Scansia Pacific

14. Insurance

Amount of State control: Vietnam has agreed to allow market access f

s f

Market share controlled by State

Life insurance: 43.8 percent

Non-life insurance 79.3 percent

Sector regulated by: Ministry of Finance

Major SOE's:
Bao Viet (43.8 percent for life; 41.3 percent for non-life)
Petro Vietnam Insurance (non-life 12.8 percent)
Vinare

Note: Vinare is specialized in reinsurance services. The Law on Insur

Key Associate SOE's:
Bao Minh (non-life market share 25.2 percent)
Note: Bao Minh has just been equitised and the State has retained 63

Non-State market shareholders:

OwnershipMarket share
Life Insurance:
Prudentialwholly foreign owned 40 percent
Manulifewholly foreign owned12 percent
AIAwholly foreign owned 5 percent (AIA and
BaoMinh-CMGJVBaoMinh-CMG)

Non-life insurance:Ownership
Bao Longjoint stock
Petrolimex Insurance joint stock
Post & Telecom Insurancejoint stock

Vien Dong JS Insurancejoint stock
Vietnam Int'l AssuranceJV (Bao Viet holds 51 percent)
United Insurance CoJV (Bao Minh holds 51 percent)
ance CoQQJV (Bao Minh holds 51 percent)
BIDV - QBE Insurance JV (BIDV holds 50 percent)
Samsung - Vina Insurance JV (Vinare holds 50 percent)
Incombank-Asia InsuranceJV (Incombank holds 50 percent)
Allianz - AGF Insurancewholly foreign owned
Groupama Insurancewholly foreign owned

15. Liquor

Amount of State control:No monopoly policy

Production share controlled by:
State:4.0 percent
Domestic private: 95.6 percent
FIE: 0.4 percent

Sector regulated by:Ministry of Industry (MOI)

Major SOE's:HABECO; SABECO

Key Associate SOE's:
Hanoi Liquor Company
Binh Tay Liquor Company

16. Milk and Milk Products

Amount of State control: No monopoly policy

Production share controlled by:
State:69.2 percent
Domestic private: 0.0 percent
FIE: 30.8 percent

Sector regulated by:Ministry of Industry (MOI)

Major SOE's:Moc Chau Cattle Breeding Company

Key Associate SOE's:
Vinamilk Joint-Stock Company (75 percent market share in milk)
Nutifood Joint-Stock Company
Kinh Do Joint-Stock Company

Non-State market shareholders:
areholders:
Dutch Lady Vietnam
Delta

Note: Vietnam Milk Company (Vinamilk) is the largest milk company in
Moc Chau company is the only wholly state owned company in milk area

17. Mining

Amount of State control: 45-95 percent depending on product. Foreign

Market share controlled by:

StateNon-state FIE
Coal mining: 95 percent 2 percent3 percent
Metal ores:74 percent25 percent1 percent
Stone and
other mining:45 percent53 percent2 percent

Sector is regulated by: Ministry of Industry

Major SOEs:
Vinacoal

Vietnam Mining Corporation

18. Oil and Gas

Amount of State control: The State controls both the upstream (explo

Players in the market:

By ownership:

SOE (100 percent State owned equity):

Vietnam National Oil and Gas Corporation (PetroVietnam)

Petrolimex (under MOT)

Petec (under MOT)

PetroVietnam Trading Company (Petechim) (under PetroVietnam)

SaigonPetro (under Ho Chi Minh City People's Committee)

Vinapco (under Vietnam Airlines)

Non-SOE (foreign companies):

(foreign companies):

Vietsovpetro (JV)

Hoang Long Joint Operation, BHP, BP, ConocoPhillips, KNOC, SK Corp., G

By production stage:

Upstream (exploration and production):

PetroVietnam

More than 30 foreign companies operate in cooperation with PetroVietnam

Downstream: (SOEs only)

Petrolimex (largest importer with 60-70percent market share), Petec,

Liquefied Petroleum Gas (LPG):

Saigon Petro, Petrolimex, Elf Gas, Mobil Unique

Sector Regulated By: Ministry of Industry (Upstream and LPG)

Ministry of Trade (Petroleum import)

19. Paper

Amount of State control: No monopoly policy, but highly protected wi

Market share controlled by:

State: 33 percent

Domestic private: 35 percent

FIE: 2 percent

Imported: 30 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vinapimex (controlled by MOI) has 12 member companies th

Key Associate SOE's: None

Non-State market shareholders:

New Toyo Tissue Paper Company (FDI)

Vinh Tien Joint-Stock Company

Le Hoa Joint-Stock Company

Tien Phat Co., Ltd.

td.

20. Pharmaceuticals

Amount of State control: No monopoly policy, but manufacturing and t

Production share controlled by State:

State Non-state FIE

Medical ampoule: 84.6 percent 15.3 percent 0.1 percent

Liquid medicine: 83.7 percent 7.9 percent 8.4 percent

Tablets: 83 percent 14.1 percent 2.9 percent

Sector regulated by: Pharmaceutical Management Department (Ministry

Major SOE's: Vietnam Pharmaceutical General Corporation, with 18 memb

Key Associate SOE's:

Sanofi Pharma Vietnam

Rhone- Poulenc Rorer

Non-State market shareholders:

Hitsamisu

Rohto Mentholatllm

Novartis (wholly foreign-owned)

Do Thanh Pharmaceutical Co.Ltd.

21. Processed Food and Beverage

Amount of State control: No monopoly policy

Production share controlled by:

State: 38.3 percent

Domestic private: 37.6 percent

FIE: 24.1 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:

Vifon
Vissan
Halong Canned Food Company

Key Associate SOE's: Vifon Acecook Joint-Venture

oint-Venture

Non-State market shareholders:
Unilever Bestfood
Pataya Vietnam Ltd.
Ajinomoto Vietnam

122. Railways

Amount of State control: Monopoly policy applied.

Market share controlled by State: 100 percent

Sector Regulated By: Ministry of Transportation

Major SOE's: Vietnam National Railways (VNR)

123. Rice

Amount of State control: No monopoly policy, but trade subject to fo

Production share controlled by:

StateNon-state FIE
Milled rice: 2.6 percent 97.4 percent 0.01 percent
Rice export: 97.9 percent 1.5 percent 0.5 percent

Sector regulated by: Ministry of Agriculture and Rural Development (

Major SOE's: Vinafood

Non-State market shareholders:
Hiep thanh
Vinh Phat
Mivimex
Angimex-Kitoku

124. Rubber and Plastic

Amount of State control: No monopoly policy applied.

Market share controlled by:

Manufacture of rubber and plastic products:

State 31.1 percent
Non-state 44.2 percent
24.8 percent
(production value)

ction value)

Players in the market: Total of rubber and plastic manufacturers: 80

Rubber:
Major SOE (100 percent State owned equity):
Geruco
Casumina

Non-State:
Yokohama
Inoue
Kenda
Shinfa
Veloce
Camel

Sector Regulated By: Ministry of Industry

125. Securities

Amount of State control: Vietnam has not agreed to provide market ac

Market share controlled by State: State-owned securities firms take

Sector regulated by: State Securities Commission

Major SOE's:
BIDV Securities Company
Incombank Securities Company
Vietcombank Securities Company
VBARD Securities Company
Bao Viet Securities Company

Non-State market shareholders:
Market share
9 joint stock securities companies

ACB Securities Company
De Nhat Joint Stock Securities Company
Mekong Joint Stock Securities Company
Thang Long Securities Ltd. Company

Eastern Asia Bank Securities Company
Hai Phong Joint Stock Securities Company
Saigon Securities Company
HCMC Joint Stock Securities

1 joint venture fund management company

126. Ship Building

Amount of State control: No monopoly policy applied.

Market share controlled by State:

Ship Building in 2004: State, 80 percent; Non-State, 20 percent

SOEs account for 66 percent of the number of companies in this sector

Major SOEs (100 percent State owned equity):

Vietnam Shipping Industry Corporation (Vinashin)

Note: Vinashin includes 35 independent member companies, 13 dependent

Other SOEs:

Ba Son Shipyard Company

An Phu Shipyard Company (HCM)

Key Associate SOE's: Song Dao Marine Industry Company

Non-SOE:

Saigon Shipyard JV

Trung Hai Shipyard Company

Song Dao Marine Industry Company

Hoang Anh Marine Industry Company

Sector Regulated By: Ministry of Transportation

127. Shipping

Amount of State control: No monopoly. However, foreign investors are

Market share controlled by State:

Total capacity of Vietnamese flagged ships up to October 2004: 2.85 m

SOEs' capacity up to October 2004: 62 percent (1.78 million DWT)

SOEs account for 57 percent of the number of companies.

es.

Key SOEs:

Vietnam National Shipping Lines (Vinalines)

Other SOEs:

Vietnam Ocean Shipping (Vosco)

Vitranschart

Key Associate SOE's: Gemartrans JV

Non-State:

APM-Saigon Shipping JV Company

Gemartrans JV

Gemadep

Vietnam Japan International Transport Co. (Vijaco)

Vietnam Container Exploitation JV (Vinabridge)

Sector Regulated By: Ministry of Transportation

128. Steel

Amount of State control: No monopoly policy, but heavily protected w

Production share controlled by:

State: 33.6 percent

Domestic private: 29.5 percent

FDI: 37.0 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's: Vietnam Steel Corporation

Key Associate SOE's:

Vina KyoEi Steel Ltd.

VSC-Posco Steel Corp.

Vinausteel Ltd.

Natsteel Vina Co. Ltd.

Non-State market shareholders: Zamil Steel Vietnam

129. Telecom

Amount of State control: Monopoly policies are applied for fix local

Market share controlled by State:

SOEs account for 66.7 percent of the number of companies.
nies.
SOE turnover in 2003 accounted for over 99 percent.

Fix local telephone service: 100 percent
VNPT, Viettel, SPT, ETC

Domestic long-distance telephone service: 100 percent
VNPT, Viettel, SPT, ETC

International long-distance telephone service: 100 percent
VNPT, Viettel, SPT, ETC

Domestic long-distance and international telephone service using IP p
VNPT, Viettel, SPT, ETC, Vishipel98.1 percent
Hanoi Telecom: 1.9 percent

Mobile service:100 percent
VNPT (MobiFone and Vinaphone) 90 percent
Vietel 4 percentSPT (S-Fone) 6 percent

Leased Lines:
VNPT, Viettel,ETC 53 percent
FPT (equitized) 47 percent

Internet:72.9 percent
VNPT (VDC): 51.6 percent
Netnam 6.7 percent
SPT 6.3 percent
Vietel 8.3 percent
Hanoi Telecom: 0.2 percent
FPT (equitized)25.4 percent
OCI 1.4 percent

Sector Regulated By: Ministry of Post and Telematics

Major SOEs (100 percent State owned equity):
1.4 percent

Sector Regulated By: Ministry of Post and Telematics

Major SOEs (100 percent State owned equity):
Vietnam Post and Telecommunications Corporation (VNPT)
Vietnam Military Telecom Company (VIETEL)
Saigon Post and Telecommunication Corporation (SPT)

Other SOEs:
Electricity Telecommunication Company (ETC)
Vietnam Shipping Telecommunication Company (VISHIPEL)
Netnam

Key Associate SOE's:
Hanoi Telecommunication Joint Stock Company (Hanoi Telecom)
Note: State-owned capital accounts for 51 percent.

Non-SOE:
FPT (Equitized: 90 percent private and 10 percent State)
One Connection Internet (OCI)

30. Textile and Apparel

Amount of State control: No monopoly policy

Production share controlled by State:
Textile31.7 percent
Apparel31.0 percent

Sector regulated by: Ministry of Industry (MOI); quota allocation is

Major SOE's:
Vinatex, controlled by MOI, members consist of all centrally-state ow

Key Associate SOE's:
Vinatex has nine joint-ventures with domestic companies such as Binh

Non-State market shareholders:
There are more than a thousand companies, among the biggest companies
mpanies

31. Tobacco and cigarettes

Note: As Vietnam has had to import most of tobacco so far, the data m

Amount of State control: The Government retains monopoly over cigare

Production share controlled by State: 100 percent

Sector regulated by: Ministry of Industry (MOI)

Major SOE's:
VINATABA (Vietnam National Tobacco Corporation)
Khanh Hoa Tobacco Company
Ben Thanh Tobacco Company
Dong Nai Tobacco Company
Binh Duong Tobacco Company

27/7 Tobacco Company

Key Associate SOE's:

Da Nang Tobacco Company (a joint venture between VINATABA and DaNang

Non-State market shareholders: None. The private sector is only all

NNNN